

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

<b>In the Matter of</b>	)	
	)	
<b>Implementation of the Pay Telephone</b>	)	<b>CC Docket No. 96-128</b>
<b>Reclassification and Compensation</b>	)	
<b>Provisions of the Telecommunications</b>	)	
<b>Act of 1996</b>	)	

**REPLY COMMENTS OF THE NATIONAL PAYPHONE CLEARINGHOUSE**

Cincinnati Bell Telecommunications Services Inc. d/b/a the National Payphone Clearinghouse (NPC) files these reply comments to address various administrative issues raised in the comments filed on October 20, 2000 in response to the Public Notice regarding the RBOC/GTE Payphone Coalition proposal for payment of payphone compensation for the period of November 7, 1996 through October 6, 1997.<sup>1</sup>

**I. INTRODUCTION**

The NPC calculates and distributes payphone provider compensation on behalf of its carrier clients.<sup>2</sup> The NPC was established in 1992 to process payphone compensation payments for carriers and distribute the money to the appropriate payphone providers. Today, approximately 75 percent of all payphone compensation is processed by the NPC.

---

<sup>1</sup> *Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*, CC Docket No. 96-128, *RBOC/GTE Payphone Coalition Files Proposal for Setting Payphone Compensation for Interim Period*, Public Notice, DA 00-2189 released September 26, 2000.

<sup>2</sup> The NPC is a subsidiary of Cincinnati Bell Telephone Company which is a wholly-owned subsidiary of Broadwing Inc.

The process for calculating and distributing per call payphone compensation is arduous. It begins with the collection of data from long distance carriers, local exchange carriers and payphone providers. Next comes the complicated and time consuming process of verifying the data for approximately 2.2 million payphones and 600 million calls each quarter. After the data is verified, the compensation for each individual phone is calculated and compensation checks are distributed to the payphone providers. This process is performed each calendar quarter.

In the current Public Notice the Commission is seeking comments on a proposal to resolve outstanding issues related to payphone compensation for an 11-month period in 1996-1997 during which the Commission was moving to a per-call based compensation system for payphone compensation, but for which the mechanisms were not in place for tracking calls from individual payphones. Since the information does not exist to compensate each payphone for the specific calls placed from that phone, any solution for this interim period must be based on an estimate of the calls for each phone. The RBOC/GTE Coalition recommends that compensation for the interim period (November 7, 1996 through October 6, 1997) be paid for each individual payphone in service during the interim period based on the number of compensable calls from that particular phone during the corresponding period from November 7, 1997 through October 6, 1998. Other alternatives have been suggested that would use a flat proxy for the number of calls per phone (essentially an average number of calls per phone) and apply that proxy to all phones.<sup>3</sup> Keeping in mind that all of the options depend upon an estimate of the number of calls, the NPC submits that an administratively simpler method is preferred over a more complex solution unless a particular solution can be shown to provide a more accurate measure of the actual compensation that would have been paid if the per call detail for the period were available.

In the following section, the NPC reviews several factors that make the RBOC/GTE Coalition solution more complex and costly to administer than a flat per phone solution. Based on the comments filed, there appears to be considerable question as to the validity of the November 7, 1997 through October 6, 1998 per call data as a surrogate for the interim period. The NPC submits that unless a per call per phone solution is shown to provide a more accurate result than a flat per phone solution, the administrative ease of a flat per phone approach should be a significant factor in the Commission's selection of the appropriate methodology to use for determining interim compensation.

## **II. ADMINISTRATIVE ISSUES TO BE CONSIDERED**

### **A. PER CALL PER PHONE METHOD (COALITION PROPOSAL)**

The RBOC/GTE Coalition proposal, in theory, is simple—just multiply the number of calls for a particular phone by the per call rate using the number of calls from the immediately following 11-month period for which per call information was available. Unfortunately, in practice, it creates an administratively complex process:

- First, historic data for more than 2.2 million payphones and two billion calls (estimated number of calls for an 11-month period) must be retrieved.
- Second, for payphones in areas affected by area code splits where permissive dialing was in effect during the surrogate period (November 7, 1997 through October 6, 1998), the NPC would have to request additional per call data from its clients. Each client would be required to submit per call data for the months prior to the permissive dialing date that had not been merged to a single ANI number.

---

<sup>3</sup> AT&T Comments at pp. 3-4; Comments of WorldCom, Inc. at pp. 12-15; Comments of the

- Third, as noted in the Coalition proposal, provisions would have to be made for phones that were in service during the interim period, but not during the surrogate period since no per call data exists for these phones.

## **B. FLAT PER PHONE METHOD**

An alternative method for determining interim compensation, as noted by the RBOC/GTE Coalition and supported by several parties,<sup>4</sup> is to compensate all payphones in service during the interim period using a flat proxy for the number of calls per phone and distributing the payment amongst all carriers based on some measure of each carrier's share of the toll or 800 toll market. Although this method is also not as simple as it first appears, it is simpler to administer than a per call, per individual phone solution. It would eliminate the need to retrieve call information from several years ago for each of the 2.2 million payphones and to obtain additional information from carriers and payphone providers. Finally, there would be no need to compare validated payphone ANIs from the interim period with any other period.

## **C. ADMINISTRATIVE SIMPLIFICATIONS**

Certain administrative complexities will exist regardless of whether a per call per phone solution or a flat per phone solution is adopted. The NPC offers the following recommendations to simplify the process. These recommendations will speed the settlement process and minimize disputes over administrative matters.

- *Payments should be made to the original owner of record.* Many payphone owners have bought and sold phones since the interim period, while others have simply gone out of business. The NPC recommends that payments be made to the owner of record

---

American Public Communications Council at pp. 19-20.

during the interim period. If the checks are returned as undeliverable, the funds should be handled in the same manner as all other unclaimed funds according to the rules of the state from which the payment was issued.<sup>5</sup>

- ***New claims or resubmissions should be prohibited.*** Disputes over which payphones are eligible for compensation are common. Under current procedures, parties have six quarters to raise and resolve these disputes. Although the amount of interim compensation has been in question for several years, the payphone ANI validation process for the interim period was not impacted. Therefore, the final resolution of the amount of interim compensation due should not be cause for providers to submit new claims or to re-open old claims. Only payphones previously validated and paid during the interim period should be eligible for true-up.
- ***The question of whether interest should be paid must be clarified.*** If the Commission determines that interest is to be paid on settlements for the interim period,<sup>6</sup> it should clarify the methodology to be used. For example, if an owner submitted a payphone ANI in the fourth quarter of 1996 and that payphone ANI was validated in that processing quarter, interest should accrue from the quarter in which the original payment was made. However, if a fourth quarter 1996 payphone ANI was not submitted until the fourth quarter of 1997, interest should accrue from the fourth quarter of 1997, not fourth quarter of 1996. The same consideration should be given to resolution time frames of disputed payphone ANIs.

---

<sup>4</sup> RBOC/GTE Coalition Proposal p. 4, fn. 9; AT&T at pp. 3-4; WorldCom at pp. 12-15.

<sup>5</sup> In Ohio, where the NPC is located, the funds would be designated as Ohio unclaimed funds after 36 months.

**D. 180 DAYS NEEDED FOR PROCESSING INTERIM PERIOD SETTLEMENTS**

In its comments, Sprint submits that 90 days would be sufficient for completing true-ups for the interim period.<sup>7</sup> Due to the complexities involved in any interim compensation settlement, the NPC recommends that a minimum of 180 days should be allowed for completing the process if a flat per phone proxy method is used and 270 days should be allowed if a per call per phone methodology similar to the RBOC/GTE Coalition proposal is ordered. The NPC also submits that a payout date that corresponds to the end of a calendar quarter would simplify the payment process and allow for payments to be combined with the regular quarterly payments.

---

<sup>6</sup> See, Joint Comments on Behalf of Excel Communications, Inc., IDT Corporation, Network Plus, Inc., Starpower Communications, LLC & RCN Telecom Services, Inc. at pp. 18-20 submitting that interest should not apply for the interim period compensation.

<sup>7</sup> Comments of Sprint Corporation at p. 6.

